



Featured Sponsor of the Month!

Krane Financial Solutions

Planning for a Special Needs Child

Each time my kids achieve something for the first time that they have been trying to do for a while, they become proud of themselves and gain confidence. Whether it's tying their shoes or writing their names for the very first time, they see that they can overcome an obstacle and succeed at something.

But what if a child is different? What if a child needs a safe, secure environment, and extra special encouragement? I have seen kids that need help with reading, writing, and speaking struggle when the proper care is not provided to them. It is for this reason that I became involved in ACT Today!. By spending some time with autistic children, I have learned that they have just as much love to give back to us and are a joy to be around. Filling up a special needs child's tank seems like it's the least I could do. Supporting ACT Today! has been a great way for me to feel that children affected by autism get the treatment that they need so that they can succeed and feel better about themselves.

As a financial planner, I have learned that many people need assistance with their finances. For most families, financial planning starts with identifying a few important goals such as saving for retirement, or sending your kids to college.

The stress and strain on parents' lives when it comes to just taking care of their children, in and of itself, is overwhelming. But for parents who have a child with special needs, financial planning can be a daunting task. Not only do parents have to plan for themselves, but they are faced with the responsibility of planning for their child's entire life. Most parents will not outlive

their children. A special needs child may never be able to manage his/her own finances. Overall, parents should be concerned with the issue of how to give their child the same quality of life when they are no longer here to provide it themselves.

So what are some of the steps parents can proactively take to plan for a special needs child's future?

- 1) Establish a legal guardian or conservator for your child.
- 2) Write your financial plan down, which is a "letter of intent." This is not legally binding, but can be a guide for a future caretaker regarding the plan you expect for your child. Inform friends, relatives, or other potential care providers about your financial plans for your child.
- 3) Establish a special needs trust.

Special Needs Trusts

If your child has over \$2,000 in assets in their name, they may be ineligible to receive public funding. Special needs trusts allow beneficiaries to receive a gift, a settlement, or funds for their benefit, and not lose eligibility for government programs. They're designed to pay benefits above what public programs pay to a special needs person. The trust acts as a will substitute and the trust assets are not subject to probate. The assets in the trust do not specifically belong to the individual, but can be used to provide benefits to the special needs person.

It's important to hire an attorney that has experience in drafting trusts. If not drafted in the correct fashion, public funding by the federal government may not be made available to your child. There can be more than

Child

one trustee for the trust and the trustees are fiduciaries. The trustee is usually a family member, or court appointed. They should have the experience of managing investments, dealing with cash flow, paying taxes, and reconciling accounts.

Hiring a Financial Planner

Financial planners can make projections, offer asset management services, and recommend a proper amount of insurance coverage.

Here are some questions that they can help you answer:

How much money will need to be available to provide care for your child, in the future when you are not available to provide such care? How much risk are you willing and do you need to take to grow the portfolio? What will the monthly expenses be for your child at some point in the future? By how much will inflation and taxes eat into the returns of the portfolio? What if you have another child that is not a special needs child? How can you be fair and equitable with both children?

Should you Buy Life Insurance

Life insurance proceeds could pay for care for a child that a parent would have otherwise provided. The proceeds are usually income tax free, and if structured correctly, may be federal estate tax free as well.

Planning for a special needs child is a journey. There will be challenges along the way, but clarity may make it just a bit easier. *

A huge thank you to Justin Krane for his generous donations at both Denim and Diamonds and VHI Classic Celebrity Bowl-Off!!



Justin Krane is a Certified Financial Planner™ practitioner. He founded Krane Financial Solutions in 2008. He earned the designation of Certified Investment Management Analyst® from the Executive Education Department at the Wharton School of Business. Justin is also a Member of the Financial Planning Association, the largest organization of professionals dedicated to championing the financial planning process. He is married, has two children, and lives with family in Calabasas, CA.

Corporate Sponsors:

ACT Today! is always looking for event sponsors and fundraising partners.

If you would like to sponsor an event, purchase an ad in our newsletter, or have an ACT Today! donation box at your store or company, please contact Amy at 818-705-1625.

Be An Activist Today!